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**Testimony of**

**Kelvin Bloom  
Aqua-Aston Hospitality, LLC**

**Before**

**CITY & COUNTY OF HONOLULU, CITY COUNCIL**

**Bill 31 (2017)**

**Determining the Real Property Tax Rates for the City and County of Honolulu  
March 22, 2017 10:00 a.m.**

Dear Chair Menor and Members of the Honolulu City Council:

I am Kelvin Bloom, Manager of Aqua-Aston Hospitality, LLC, which manages 24 hotels and resorts in the City and County of Honolulu. Aqua-Aston Hospitality *strongly opposes* Bill 31 (2017) which sets the real property tax rates for fiscal year July 1, 2017 to June 30, 2018.

The proposed Bill unjustifiably places hotels and resorts at the highest real property tax rate in the City and County of Honolulu at \$13.40 per \$1,000 of assessed value.

Yes, the hospitality industry has enjoyed strong growth while real property values have increased; however, the visitor industry cannot be viewed as the source of endless wealth for the government if Honolulu wishes to retain its status as a prime visitor destination for many years to come. Hawaii consistently ranks among the jurisdictions with the highest tax rates for lodging accommodations. We have the nation's highest lodging tax at 13.75% combining our general excise tax and transient accommodation taxes. Hawaii also has the second-highest year-over-year growth in lodging tax revenue at 9.5%. The hospitality industry, which competes nationally and internationally against lower-priced destinations, cannot continue to pass on tax increases to our visitors who also have to deal with the State's high cost of living.

As hotel managers, we are keenly aware of Hawaii's tenuous position in the visitor market and the significant cost that a guest must incur to have a Hawaii vacation.

Any forces that adversely affect our ability to compete, including having to pass along

**CITY & COUNTY OF HONOLULU, CITY COUNCIL**

**Committee on Zoning and Planning**

**Chair Anderson and Vice Chair Harimoto**

**August 28, 2014**

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higher taxes, will negatively impact Hawaii's appeal as a visitor destination, the availability of money to invest in new hotel properties or renovate existing properties, and employment within the hospitality industry and related travel businesses. The negative impact on the visitor industry will have a ripple down effect throughout our entire community.

As the number one private sector employer in the State, as well as one of the highest taxed economic sectors, the hospitality industry is not able withstand further levies. The cost of doing business in Hawaii is already making it difficult for companies to turn an equitable profit. Increased taxes would force our hotels and resorts to cut operational costs, reduce their workforce and curtail incentives.

As a member of the visitor industry, Aqua-Aston Hospitality contributes generously to community charities including the Aloha United Way and the Visitor Industry Charity Walk in order to support worthy causes. Through our contribution, the visitor industry has helped the City and County immensely in tackling homelessness. Increased taxes will limit the ability of hotels and resorts to contribute to the community.

For the foregoing reasons, Aqua-Aston Hospitality strongly opposes Bill 31 (2017). Thank you for the opportunity to testify.

Sincerely,



Kelvin Bloom  
Manager